

**Minutes
City Council/Redevelopment Agency Meeting
City of Huntington Beach**

Monday, November 3, 2008
4:00 PM - Room B-8
6:00 PM - Council Chambers
Civic Center, 2000 Main Street
Huntington Beach, California 92648

**An audio recording of the 4:00 PM portion of this meeting
and a video recording of the 6:00 PM portion of this meeting
is on file in the Office of the City Clerk and is archived at
www.surfcity-hb.org/government/agendas/**

5:00 PM - ROOM B-8

The 4:00 PM portion of the meeting was recessed by the Deputy City Clerk to 5:00 PM in Room B-8 due to an anticipated lack of quorum.

CALL TO ORDER

Mayor Cook called the regular meeting of the City Council/Redevelopment Agency of the City of Huntington Beach to order at 5:00 PM, in The Council Chambers.

ROLL CALL

Present: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
Absent: None

ANNOUNCEMENT OF LATE COMMUNICATION - None.

PUBLIC COMMENTS PERTAINING TO CLOSED SESSION ITEMS (3 Minute Time Limit) - None.

RECESS TO CLOSED SESSION

A motion was made by Carchio, second Hansen to recess to Closed Session. The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

CLOSED SESSION

1. Pursuant to Government Code Section 54956.9, the City Council recessed into Closed Session to confer with the City Attorney regarding the following potential lawsuit: Whether the City Attorney should be directed to file a lawsuit.

2. Pursuant to Government Code Section 54956.9(c), the City Council recessed into Closed Session to confer with the City Attorney regarding the following potential lawsuit: Whether the City Attorney should be directed to file one lawsuit.

3. Pursuant to Government Code Section 54956.8, the City Council recessed to Closed Session to give instructions concerning price and terms of payment to the City's Negotiator, Deputy City Administrator Bob Hall, regarding negotiations with the Huntington Beach City School District for the purchase or exchange of up to 10.12 acres of real property located at 20451 Cramer Lane in Huntington Beach and the purchase, sale or exchange of APN 114-150-94 in the City of Huntington Beach.

4. Pursuant to Government Code Section 54956.9, the City Council recessed into Closed Session to confer with the City Attorney regarding the following lawsuit: Parks Legal Defense Fund, et al. v. City of Huntington Beach, et al; Orange County Superior Court Case No. 30-2008 00051261. A public interest advocacy organization alleges the City did not comply with CEQA, City Charter Section 612 and the City's General Plan and is misusing park in lieu fees in approving the Senior Center, located along Golden West Avenue adjacent to the Shipley Nature Center.

6:00 PM - COUNCIL CHAMBERS

RECONVENE CITY COUNCIL/REDEVELOPMENT AGENCY MEETING

Mayor Cook reconvened the regular meeting of the City Council/Redevelopment Agency at 6:03 p.m. in the City Council Chambers.

CLOSED SESSION REPORT BY CITY ATTORNEY - None.

ROLL CALL

Present: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
Absent: None

PLEDGE OF ALLEGIANCE - Led by Cub Scout Pack #404.

INVOCATION - Led by Father Christian Mondor, Sts. Simon and Jude Catholic Church.

ANNOUNCEMENT OF LATE COMMUNICATION

Pursuant to the Brown "Open Meetings" Act, City Clerk Joan Flynn announced late communications received by her office following distribution of the agenda packet:

Communication submitted on Public Hearing Item No. 8 by Mark Bixby, dated October 31, 2008, entitled *Comments regarding City Council Strand Agenda Item*.

Communication submitted on Public Hearing Item No. 8 by John Yonai of Tierra West Advisors, dated October 31, 2008, entitled *Strand 33433 Report*.

Communication submitted on Public Hearing Item No. 8 by Stanley Smalewitz, Director of Economic Development, dated November 3, 2008, entitled *Addendum to Sixth Implementation Agreement with CIM/Huntington, LLC/Approval of Operating Agreement and CC&R'S*.

Communication submitted on Public Hearing Item No. 8 by R. J. Mayer, Jr., President and CEO of The Robert Mayer Corporation, dated November 3, 2008, entitled *City Council Agenda Item 8, November 3, 2008, CIM/Huntington LLC, 6th Implementation Agreement*.

Communication submitted on Public Hearing Item No. 8 by J. D. Shafer, General Manager of Hilton Waterfront Beach Resort, dated November 3, 2008, entitled *City Council Agenda Item 8, November 3, 2008, CIM/Huntington LLC, 6th Implementation Agreement*.

Communication submitted on Public Hearing Item No. 9 by Harle, Janics & Kannen, dated October 29, 2008, entitled *Appeal of Planning Commission Approval of CUP 08-003 and Entitlement Plan Amendment for the Amendment of CUP 05-015 – Opposition to (Appeal of) Parking Gate Application of Bella Terra*.

Communication submitted on Councilmember Item No. 17 by Therese Hotvedt, Manager of Huntington Mobile Home Investments, LLC, dated October 31, 2008, entitled *Huntington Harbour Mobile Estates*.

The following communications were submitted during the meeting:

Photographs of parking areas related to Public Hearing Item No. 9 submitted by Rhonda Lauer.

Communication submitted by Arthur Barnes relating to Councilmember Item No. 17, undated, entitled, *Chapter 2. Mobilehome Parks and Installation*.

PowerPoint presentation submitted by Jeff Specht on behalf of the Huntington Harbour Mobile Estates, undated, and entitled *Our Story*, relating to Councilmember Item No. 17.

Communication submitted by Jeff Specht undated and entitled relating to Councilmember Item No. 17.

Communication submitted by Glen Miller dated November 3, 2008 entitled *Help Us Save Our Homes*, relating to Councilmember Item No. 17.

AWARDS AND PRESENTATIONS

5. Announcements - Mayor Cook recognized November as National American Indian Heritage Month, and invited the public to join the Human Relations Task Force in celebrating the month by reading, "The Kid's from Nowhere" by author George Guthridge. For more information on the City's *HB Reads One Book* Program, visit www.hbread.org.

6. Presentation - Mayor Cook called on Bella Terra/DJM Capital Partners, Inc. President Lindsay Parton to present a check to the Centennial Celebration Committee for \$10,000.

Lindsay Parton, on behalf of DJM Capital Partners, expressed honor in supporting the Huntington Beach Centennial Celebration in 2009, and presented a check in the amount of \$10,000 to Steve Bone, Huntington Beach Centennial Committee Chair. Steve Bone and Mayor Cook thanked Mr. Parton for DJM's participation in the event.

A motion was made by Bohr, second Coerper to move Councilmember Item No. 17 forward to be discussed immediately following Public Comments. The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

PUBLIC COMMENTS (3 Minute Time Limit)

Glen E. Miller, Huntington Harbour Estates resident, spoke to Council about Item No. 17 - Huntington Harbour Mobile Home Estates (HHME) and presented a portion of a PowerPoint presentation compiled by members of the HHME that identified a petition signed by over 2,100 individuals protesting a proposed space rent increase of \$600.00 per month by current landowner Burnham. He discussed comparable space rents of neighboring park *Rancho Del Rey Mobile Home Estates*, and the City's average mobile home space rent of \$900. He stated HHME simply wants to pay a fair, comparable rate and urged Council to help retired seniors save their homes. He also provided booklet of information dated November 3, 2008, entitled "Help Us Save Our Homes."

Becky Mueller, HHME resident, spoke to Council about Item No. 17 - HHME by continuing with the PowerPoint presentation that addressed property valuation, with key issues relating to zoning classification, reconciliation of value, Neet appraisal of 2007, and Walden-Marling, Inc. appraisal of 8/08/2007.

Charles Payne, HHME resident, spoke to Council about Item No. 17 - HHME by continuing with the PowerPoint presentation that addressed moral justification, economic eviction, space plus home market price, September 8, 2008 Burnham "scare" letter, \$30,800,000 ground lease appraisal, and total proposed rent. He concluded by stating that the HHME is requesting comparable rents to other parks in Huntington Beach.

Dick Hermes, HHME resident, spoke to Council about Item No. 17 - HHME by continuing with the PowerPoint presentation that identified significant dates (park construction and lease inception, formation of the HHME non-profit corporation, land appraisal in June 2002, land purchase to Burnham in December 2006, land sale offer by Burnham to HHME in March 2007, ground lease increase by Burnham in April 2007, and negotiations between the HHME and Burnham, including legal activity from June 2007 to present.

Jeff Specht, HHMR resident, spoke to Council about Item No. 17 - HHME, and continued the PowerPoint presentation that addressed "economic eviction," HHME's legal representation, requests for fair, reasonable and comparable rents, appraisals making extraordinary assumptions, and resident's inability to pay the proposed space rent increase. Mr. Specht asked members of the audience who support the cause to stand up.

Amber Lindsay, spoke to Council about Item No. 17 - HHME, discussing her father's residency within the park for twenty years, and his past financial misfortunes. She described his pride of ownership, and how the location allows him to be close to a network

of family members who provide financial support to help him maintain a quality lifestyle. She stated her father is a decorated WWII Naval Officer, and urged the Council to provide assistance.

Orval Thompson, HHME resident and Korean War Veteran, spoke to Council about Item No. 17 - HHME. He introduced Jack Millsap, a 92-year old WWII Veteran and voiced concerns about Jack losing his home. He discussed park inspections initiated by Burnham that resulted in residents spending large amounts of money to make unnecessary repairs, and his opinion that the citations issued were a form of harassment. He requested that the Council and City Attorney stand by the City's relocation ordinance as written, and quoted Winston Churchill by stating, "Never give in ... never, never, never."

Arthur Barnes, HHME resident and Veteran of WWII, the Korean and Vietnam Wars, spoke to Council about Item No. 17 - HHME, and his fear of losing his home. He discussed how the issue has taken control of his existence, causing his inability to meet space rent obligations or sell his home. He concluded by stating that affordable housing for seniors has a 2-3 year waiting list.

Juliet Young, 92-year old HHME resident, spoke to Council about Item No. 17 - HHME, describing how she and her late husband purchased the property 36 years ago. She described living on a fixed income, her inability to pay the proposed space rent increase, and present medical issues. She urged Council to help residents stay in their homes.

Arthur Hartigan, HHME resident, spoke to Council about Item No. 17 - HHME, describing why he and his wife, and several of their friends, purchased homes in HHME because the property offered less maintenance, lower insurance, low space rent, and a 20-year lease. He discussed how his assumed economic benefits are gone, and his feeling that neighbors will leave if Burnham is allowed to price them out of the market. He stated residents are willing to pay a fair and competitive price to live in HHME, and requested Council's help.

Debbie Payne, HHME resident, spoke to Council about Item No. 17 - HHME, described moving into the park 2.5 years earlier. She described how tenants live under a constant state of stress, worry and frustration, and discussed her son's involvement with Burnham via a written communication that identified his opinion of the park owner's unfair treatment of the senior homeowners, and the desperate state of the economy. She thanked Council on behalf of the public present who were wearing red shirts in solidarity.

Steve Gullage, Past President of the Golden State Manufactured Homeowners League, current President of the Huntington Beach Manufactured Homeowners Association, and mobile homeowner for 32 years, spoke to Council about Item No. 17 - HHME. He discussed the need for rent control and voiced concerns about the park owner's intentions to sell the land based on its value for other uses and not as mobile home park. He urged the City to uphold the mobile home conversion ordinance, discussed the importance of affordable housing, and urged the Council to provide help.

Yana Kennedy, Cape Ann resident, thanked Councilmember Carchio and former Councilmember Bauer for their interest in issues identified by Cape Ann property owners. She identified six problems associated with the City's affordable housing program, including use of interest rates to establish a selling price instead of market value, buyer qualifications, property inheritance, recovering value of upgrades upon resale, inability to

rent property on a temporary basis, and failure to communicate program information to property owners. She requested that the City set up a workshop to discuss affordable housing program elements that need to be modified.

Barbara Agee, Cape Ann resident, voiced concerns about the City's affordable housing program. Raising three children on a nurse's salary, she described how the program designed to assist her has instead provided major burdens. She discussed issues related to property inheritance, property upgrades that will not provide a return upon resale, and how media reporting on current Cape Ann property issues basically advertises a bad investment to prospective buyers.

Dale Crain, Cape Ann resident, voiced concerns about the City's affordable housing program. He described his prior opinion of how the attractive affordable housing development would allow he and his wife to be near their grandchildren. He also discussed the difficult experiences he believes residents have had with City authorities not reporting issues with profound repercussions. He described significant changes to policy and the property's CCRs that were not properly communicated to Cape Ann residents. He urged Council to exercise their rightful authority and make appropriate changes to current policy.

Councilmember Hardy questioned the speaker's reference to a new project, and specifics on what aspects of that project would be useful at Cape Ann.

Mayor Cook stated that the issue is bigger than just the Cape Ann development.

Councilmember Carchio referred to City Administrator Fred Wilson, who announced that the Council has scheduled a study session to address the affordable housing program in January 2009.

David Harris, spoke to Council about his opinion that the general public in Huntington Beach opposes property densification, stated that developers are only enriching themselves by considering the highest and best use of property. He also feels that no one favors construction of 7-story apartment buildings in the City, and how the Council and Planning Commission favor urbanization. He voiced concerns that a proposed Ripcurl development makes no mention of parks and schools, and urged voters to consider community official opinions on development prior to casting their votes.

Mary Jo Baretich spoke to Council about Item No. 17 - HHME, voicing support for HHME residents who she feels are currently experiencing elder abuse and planned eviction by the current park owner. She discussed a dilemma faced by mobile home owners who planned for their retirement by considering certain economic criteria that has been drastically changed by developer activity and loopholes in land appraisal and purchase. She described Huntington Beach as a retirement community that offers seniors quality medical facilities, and discussed past action to protect mobile home ownership and affordable housing.

Fred Barbour, HHME resident, spoke to Council about Item No. 17 - HHME and his opinion that zoning is the responsibility of the City, and how the HHME property was zoned for mobile homes with a long-term lease. He urged the City to stand by the zoning, and take necessary precautions to avert legal action taken by HHME residents to recover approximately \$25-\$50 million in property damages.

Susan Steiner, Cape Ann resident, voiced concerns about her purchase and how she believes the affordable housing program rules changed without proper notice to property owners. She described how real estate agents assured her that the upgrades provided in purchasing a model home would increase property value to the owner, and was unaware that putting the property into a family trust would restart the 30-year affordability term. She concluded with voicing disappointment related to property inheritance, and urged Council to consider changes to the program.

Robert M. Gardner, Huntington Shorecliffs resident, spoke to Council about Item No. 17 - HHME, and his concerns related to being displaced. He discussed his opinion that the City's conversion ordinance would protect the property rights of mobile home owners. He discussed how happy he and his wife are living near their family, and urged Council to give due diligence and defend the conversion ordinance.

Mayor Cook clarified that the Council is not taking action tonight on the City's mobile home conversion ordinance.

Geoffrey Lester, 28-year resident, and current Cape Ann homeowner, voiced concerns about activities that have affected the property's 30-year affordability period, specifically how his refinancing to a 15-year loan added 9 years to the term. He discussed the inability to rent his property and how Councilmember Hardy rented a room while living in the Cape Ann development, described how a friend sold his house at a loss, and how his children cannot inherit the house without meeting affordable income requirements.

Councilmember Hardy clarified that renting out a room did conflict with the rules identified within ownership agreement that the dwelling be owner-occupied.

Gigi Nguyen, Cape Ann resident, voiced concerns that the City Attorney was unwilling to take action on modifying the affordable housing program, requesting Council's assistance.

Mayor Cook stated that the City Attorney has no authority to modify the program, but the Council does.

John McGregor, 85-years young, spoke to Council about Item No. 17 - HHME, describing the issue as a war being fought by two different countries, and the seniors have lost because the City has no system in place to protect its senior community. He called the situation heartbreaking, and urged the Council to help.

Dan Kalmick, northeast Huntington Beach resident, spoke to Council about Item No. 17 - HHME, stating his hopes that the City will provide direction that will help the residents of HHME. He described being approached by the HHME because of his Council candidacy, and after researching information on Burnham, found its activity related to seniors as unfavorable, i.e., rent increases and negotiations that forced people and businesses out of their properties.

Robert Johnson, Cape Ann resident, voiced concerns related to restrictions within Cape Ann CCRs and the City's affordable housing program not being adequately explained when he purchased his home. He discussed his opinion that the rules change without notice, that Cape Ann residents pay normal property taxes but do not receive the same benefits

awarded to normal property owners, and expressed his dissatisfaction that the City makes all decisions related to allowing temporary rental, property upgrades, and establishing a selling price.

Theresa Hotvedt, representative with Burnham, spoke regarding Item No. 17 - HHME, describing it as an emotional issue and discussed Burnham's actions to honor the terms of the original contract and lease agreement. She described activity that took place during several meetings with the HHME board and Burnham's offer to facilitate assistance. She urged Council to meet with herself and HHME board members to negotiate an agreement and clarify conflicting information provided at tonight's meeting.

Councilmember Green asked speaker Hotvedt if Burnham USA offered financial assistance to homeowners in need. Speaker Hotvedt concurred, explaining that assistance was offered to homeowners who qualify for assistance.

Kevin George spoke to Council about Item #17 - HHME because his mother is a park resident and has invested everything she has in her HHME home. He thanked the Council and expressed hopes that they will support the senior park residents, calling on how they would treat their own family members in the same situation. He concluded by urging Council to help the City Attorney find a resolution for all people in mobile home parks.

Pam Vallot, Citizens Against the Rip Curl Project, asked Council for help. She asked Council to visit the project location and visualize a multi-story apartment building at Center Avenue and Gothard Street. She discussed reasons why the project does not comply with the City's Urban Design Guidelines and urged Council to deny a zone change.

Vickie M. Talley, Executive Director of the Manufactured Housing Educational Trust (MHET), spoke to Council about Item No. 17 - HHME, urging them to defer any action on the item until all the issues presented can be discussed. She discussed comparable rents, Burnham USA's offer to provide financial assistance, and stated that Burnham has no intention of forcing people from their homes. She also felt that some homeowners are hearing information for the first time, and believes the sensible course of action would be for representatives from the City and representatives from both parties to discuss options and reach an agreement.

COUNCILMEMBER ITEMS

17. (City Council) Submitted by Mayor Debbie Cook Requesting a Status Review of the Huntington Harbour Mobile Home Estates (HHME).

Mayor Pro Tem Bohr and HHME Board Members Charles Payne and Jeff Specht discussed the complex issues behind developing criteria for distribution of financial assistance to needy homeowners when a mutual benefit corporation is involved. Mr. Specht also identified Burnham's claim for \$1.5M in retroactive rents, along with other fees. Discussion continued on activity taken place since 2002, including land appraisal(s), zoning, and terms of the land lease.

Mayor Pro Tem Bohr, Theresa Hotvedt with Burnham USA, and Vicky Talley discussed Burnham's knowledge of the long-term financial benefits of purchasing the ground lease and their intentions on how to manage it. Ms. Hotvedt stated Burnham is not a litigious company

and described its efforts to help HHME homeowners manage proposed space rent increases, and the HHME Board's refusal to negotiate. Mayor Pro Tem Bohr stated his opinion that the 220% increase will force some owners out and put too great a financial strain on the HHME to cover the balance. Ms. Talley discussed the HHME's offer to purchase the ground lease for \$22M, suggesting that had they been successful, space rent payments would equal or exceed what is currently being proposed. She also alluded to homeowners being more financially sound than they appear.

Councilmember Carchio and Jeff Specht discussed comparable rents and additional share costs paid by the HHME for insurance, maintenance, etc. Opinions were shared about the land owner's methods to communicate with the HHME, space rent formulated at the highest and best value instead of mobile home space value, and Consumer Price Index (CPI). Councilmember Carchio suggested staff broker a meeting between respective parties to find a solution.

A motion was made by Carchio, second Green to direct City staff to broker a meeting between respective parties to negotiate a solution agreeable to both parties.

Councilmember Hansen discussed Council's lack of legal influence on the outcome of the issue, the lack of trust between negotiating parties, and how both sides will need to find common ground in order to create a solution. He also discussed how the issue financially impacts some, more than others, his willingness to participate in discussions, and his hope that great care will be taken to find a solution that will end the idea of displacing residents.

Councilmember Hardy and Charles Payne discussed why HHME's offer to purchase the land was rejected. Mr. Payne reiterated how land appraisals varied from 2002 to 2006. Councilmember Hardy expressed support for the motion and discussed the differences between members of the HHME investing in their association to realize a return, and paying a high space rent fee to a land owner. She also indicated she is willing to do more to support the HHME.

Councilmember Coerper voiced concern for the disposition of HHME residents, strongly recommending that all parties participate in further discussions to resolve the issues. He stated support for the motion and suggested all material be reviewed for information that would support land appraisal at current zoning for a mobile home park.

Councilmember Green, Jeff Specht and Charles Payne discussed how the HHME purchased the ground lease to secure property rights, and Mr. Payne described action in civil court that resulted in a judge favoring Burnham in lease interpretation, but made no judgment on the value of the land. Discussion continued on current litigation involving retroactive payments, HHME reserves, factors that contribute to escalation of lease payments, and what tenants in other parks pay in comparison who do not own the ground lease.

Mayor Cook and the City Attorney discussed whether the HHME is protected by the City's mobile home conversion ordinance. City Attorney McGrath explained how appraisal methodology is called out in the contract, making the matter a civil issue between the property owner and lease owner. Discussion continued on the unexpected financial hardships realized by the HHME, the number of vacancies in the park, and how many structures cannot be moved. Ms. Hotvedt recommended the issue be heard before a formal mediator, and offered to pay associated fees.

Councilmember Hansen requested that Council exercise caution when making emotionally charged statements of support before knowing all the facts. Councilmember Green concurred and stated support for using a formal mediator without the City's involvement. HHME representatives Specht and Payne urged Council to stay involved and help seniors stay in their homes.

A substitute motion was made by Cook, second Hardy to direct the Mayor to write a letter on behalf of the City asking the Housing Community Development (HCD) and Attorney General's office to review the current situation at Huntington Harbour Mobile Home Estates (HHME) or any other action as determined by the City Council; direct the City Attorney to review the mobile home conversion ordinance to consider strengthening language to protect owners; and, direct staff to broker a meeting between all parties. (Vote to follow)

Mayor Pro Tem Bohr urged Burnham to remain supportive of participating in discussions with the HHME.

Councilmember Carchio expressed support for maintaining his original motion, and his hopes that all parties can work out a deal.

Councilmember Green voiced concerns about the City's involvement in stipulating how the land owner should proceed in negotiations with the HHME.

The motion carried by the following roll call vote:

AYES: Hardy, Bohr, Cook, and Coerper
NOES: Hansen, Green, and Carchio

COUNCIL COMMITTEE / APPOINTMENTS / LIAISON REPORTS AND ALL AB 1234 DISCLOSURE REPORTING

Mayor Pro Tem Bohr submitted a report indicating activity for October 21 through November 3, 2008 that is on file in the City Clerk's Office.

Councilmember Green reported that she accompanied Councilmember's Coerper and Carchio to the Orange County Council - Lifetime Giving Luncheon and Good Scout Award honoring Harriett M. Wieder on Wednesday, October 22. She also congratulated Councilmember Coerper for being recognized as a pillar of public service by Goldenwest College.

Councilmember Hansen announced that Rainbow Disposal will freely accept campaign signs for recycling at the transfer station located on Nichols Avenue in Huntington Beach.

CITY ADMINISTRATOR'S REPORT - None.

CITY TREASURER'S REPORT

7. (City Council) Reviewed and Accepted Shari L. Freidenrich, City Treasurer's Investment Summary Report of City Investment Portfolio, Bond Proceeds, Deferred Compensation, and Retiree Medical Trust Activity for September 2008.

City Treasurer Shari Freidenrich provided PowerPoint presentation.

A motion was made by Green, second Carchio to review and accept the Monthly Investment Report. Following review of the report by motion of Council, accept the Monthly Investment Report for September 2008, pursuant to Section 17.0 of the Investment Policy of the City of Huntington Beach. The motion carried by the following roll call vote:

AYES:	Hansen, Hardy, Cook, Coerper, Green, and Carchio
NOES:	None
ABSENT/OUT OF ROOM:	Bohr

PUBLIC HEARING

8. (City Council/Redevelopment Agency) Joint Public Hearing Held of the Huntington Beach City Council and Redevelopment Agency - Approved the Sixth Implementation Agreement of the Disposition and Development Agreement (DDA) Between the Redevelopment Agency and CIM/Huntington LLC to Assist in the Development of a Boutique Hotel and Modify the Financing of the \$7.9 Million Loan Through Redevelopment Agency Tax Increment Revenue; Adopted Redevelopment Agency Resolution No. 374 and City Council Resolution No. 2008-64; and, Authorized the City Administrator/Executive Director or Designee to Execute Documents and Agreements Necessary. CONTINUED OPEN FROM THE OCTOBER 20, 2008 CITY COUNCIL MEETING.

City Administrator Fred Wilson introduced Economic Development Director Stanley Smalewitz who identified reporting requirements involved in transfer of property ownership. He then introduced financial consultant John Inoye with Tierra West to provide a PowerPoint presentation. Mr. Inoye's presentation focused on Summary of Transactions to Date, 6th Implementation Agreement, and Proposed Sixth Amendment.

Councilmember Hardy and Director Smalewitz discussed circumstances that led to adding 33 additional parking spaces to the number approved in the original agreement, parking requirements based on usage, components of the 3rd implementation plan, costs associated with construction and water table issues, and the percentage of actual costs for building extra spaces. Discussion continued with John Given, CIM, on circumstances the led to the number of hotel rooms increasing to 157 from the original figure of 149, and determination of a 7% interest rate in relation to community facilities district (CFD) bond financing.

Mayor Cook opened the public hearing.

City Clerk Flynn announced the following late communications:

Communication submitted on Public Hearing Item No. 8 by Mark Bixby, dated October 31, 2008, entitled *Comments regarding City Council Strand Agenda Item*.

Communication submitted on Public Hearing Item No. 8 by John Yonai of Tierra West Advisors, dated October 31, 2008, entitled *Strand 33433 Report*.

Communication submitted on Public Hearing Item No. 8 by Stanley Smalewitz, Director of Economic Development, dated November 3, 2008, entitled *Addendum to Sixth Implementation Agreement with CIM/Huntington, LLC/Approval of Operating Agreement and*

CC&R'S.

Communication submitted on Public Hearing Item No. 8 by R. J. Mayer, Jr., President and CEO of The Robert Mayer Corporation, dated November 3, 2008, *entitled City Council Agenda Item 8, November 3, 2008, CIM/Huntington LLC, 6th Implementation Agreement.*

Communication submitted on Public Hearing Item No. 8 by J. D. Shafer, General Manager of Hilton Waterfront Beach Resort, dated November 3, 2008, *entitled City Council Agenda Item 8, November 3, 2008, CIM/Huntington LLC, 6th Implementation Agreement.*

John Given, CIM, spoke to Council about how the development agreement has substantially changed since 2002, and the 4th Implementation Agreement in 2003 that added parking structure. He discussed how the project is in its final stages of completion and announced November 17 as the date in which a number of retail stores and the 5th Street parking structure will be open. He continued with stating that other stores are scheduled to open in late November/early December, and the Shorebreak Hotel grand opening will be tied to the Centennial Celebration in 2009. He described how the project is delivered with exceptional quality and will provide a new economic stimulus by increasing transient occupancy tax (TOT), and sales tax revenue. He expressed excitement for the project's opening, thanked current and past members of the City Council and Planning Commission, staff, and community organizations who supported the project.

Shirley Dettloff spoke in support of the Disposition and Development Agreement (DDA) between the Redevelopment Agency and CIM and described her past involvement in the project. She discussed being pleased with the addition of a four-star hotel with upgrades, and how it will bring dramatic change to the downtown and enhance City revenues that will benefit all.

Dale L. Dunn, 19-year Conference and Visitors Board member, spoke in support of the project calling it a superior project that provided employment and a quality hotel.

Barbara Delgleize, Chair Elect for the Huntington Beach Chamber of Commerce, spoke in support of the Strand Project and identified the Chamber's support since project inception. She discussed upgrades provided by CIM including restaurant, retail and hotel, and increased tax revenues. She concluded by stating that the business community supports approving the item and moving forward.

Fred DeStefano, Joie de Vivre Hospitality (JdV), spoke in support of the item and described his firm's associations and operational qualification. He discussed how upgrading the hotel component from a Residence Inn, to a boutique hotel will benefit surrounding uses, describing the number of rooms, room rates, revenue projections, employment opportunities and demographics.

With no one else present to speak, Mayor Cook closed the public hearing.

Mayor Pro Tem Bohr made reference to the Downtown Parking Master Plan, discussing how each downtown structure operates independently and has unique components, stating his opinion that the structures should not be melded together, rather operate with identified controls and flexibility to realize independent profits.

Councilmember Coerper questioned naming the boutique hotel "Shorebreak." Director Smalewitz explained how the JdV Hospitality group conducted community workshops, and Fred De Stefano stated that the name speaks to those who stay in Huntington Beach. Discussion continued on the City financing \$7.9 million, and John Inoye explained how the proposed JdV Hotel is expected to return TOT amounting to \$36M over a 30-year period, and total revenue of \$96M. Councilmember Coerper asked, and Director Smalewitz clarified financial shortfalls identified within the staff report that relate to parking garage operating expenses.

Councilmember Hardy concurred with Mayor Pro Tem Bohr's comments on hotel parking garages operating independently, but voiced concerns with a \$2.4 Million dollar request for hotel incentives being brought before Council near project completion. She discussed how future TOT revenues will be collected, and how the Agency must operate in debt in order to collect increased property taxes. Councilmember Hansen identified statements made by the Orange County Register that prompted the public to question the City's actions in providing financial assistance to developers. He described actions in explaining City process to the public, and expressed gratitude that the developer came forward to suggest upgrading the hotel element in the Strand Project. Councilmember Hardy clarified that statements made by the Orange County Register did not influence her comments, stating her concerns mainly relate to the public's opportunity to be involved in development decisions.

A motion was made by Coerper, second Carchio to:

CITY COUNCIL: a) Adopt Resolution No. 2008-64, "A Resolution of the City Council of the City of Huntington Beach, California, Approving and Making Certain Findings Pursuant to Health and Safety Code Section 33433 for a Sixth Implementation Agreement to Disposition and Development Agreement Between the Redevelopment Agency of the City of Huntington Beach and CIM/Huntington, LLC;" and, b) Authorize the City Administrator or designee to take any action and execute any and all documents and agreements necessary to implement the "Sixth Implementation Agreement to Disposition and Development Agreement by and Between Redevelopment Agency of the City of Huntington Beach, Agency and CIM/Huntington, LLC, Developer;" and, c) Authorize the City Administrator to sign the Operating Agreement for The Strand Public Parking Structure once the City Attorney has approved to form; and, d) Approve the Declaration of Covenants, Conditions & Restrictions and Grant of Reciprocal Easements and authorize execution by the City Administrator once the City Attorney has approved to form and direct the City Clerk to record the Declaration of Covenants, Conditions & Restrictions and Grant of Reciprocal Easements with the County of Orange Clerk-Recorder; and, e) Authorize and direct the City Engineer to accept the public improvements upon the completion of the public improvements for Tract 16406 parking garage and instruct the City Clerk to record the "Certificate of Acceptance of Public Improvements" with the County of Orange Clerk-Recorder; and, f) Direct the City Engineer to release the Faithful Performance/Labor and Material Bonds No. SU5008087 pursuant to California Government Code Section No. 66499.7 (a) upon the completion of the public improvements for Tract 16406; and, g) Direct the City Engineer to release the Monument Bond No. SU500808 pursuant to California Government Code Section No. 66499.7 (a) upon the completion of the public improvements for Tract 16406; and, h) Direct the City Engineer to accept the Guarantee and Warranty Bond, the security furnished for guarantee and warranty of improvements, and instruct the City Clerk to file the bond with the City Treasurer upon the completion of the public improvements for Tract 16406; and, i) Instruct the City Clerk to notify the developer, CIM/Huntington, LLC of the action and the

City Treasurer to notify the surety, Arch Insurance Company, of the release of the bonds upon the completion of the public improvements for Tract 16406.

REDEVELOPMENT AGENCY: a) Adopt Resolution No. 374, "A Resolution of the Redevelopment Agency of the City of Huntington Beach, California, Approving and Making Certain Findings Pursuant to Health and Safety Code Section 33433 for a Sixth Implementation Agreement to Disposition and Development Agreement Between the Redevelopment Agency of the City of Huntington Beach and CIM/Huntington, LLC;" and, b) Authorize the Executive Director or designee to take any action and execute any and all documents and agreements necessary to implement the "Sixth Implementation Agreement to Disposition and Development Agreement by and Between Redevelopment Agency of the City of Huntington Beach, Agency and CIM/Huntington, LLC, Developer." The motion carried by the following roll call vote:

AYES: Hansen, Bohr, Cook, Coerper, Green and Carchio
NOES: Hardy

9. (City Council) Public Hearing Held on an Appeal Made by the Old World Owners Association of the Planning Commission's Approval of Conditional Use Permit (CUP) 08-003 for the Installation of Four Parking Control Gates to Implement a Paid Parking Program at the Towers at Bella Terra; and, Entitlement Plan Amendment (EPA) 08-003, for the Amendment of CUP 05-015 (24-Hour Fitness) Which Relates to Physical Barriers in the Parking Structure and Parking Restrictions After 4:00 PM.
CONTINUED OPEN FROM THE OCTOBER 20, 2008 CITY COUNCIL MEETING.

City Administrator Fred Wilson introduced Tess Nguyen, Associate Planner to provide a brief PowerPoint presentation. The presentation included information on the Towers At Bella Terra, including request for conditional use permit and entitlement plan amendment, project location and surroundings, Planning Commission's conditional approval, appeal filed by Old World Owners Association, project analysis and recommended action.

Councilmember Green and Planner Nguyen discussed time limitations of designated parking spaces in the parking structure, and the impacts to affected businesses. Planner Nguyen described how the program will work including program hours, time limitations, validation, and parking control gates.

Councilmember Carchio questioned hourly parking rates. Patricia Apel, DJM Capital, responded that the first 20-minute period is free without validation, and \$1.00 per hour, with a 9-hour maximum fee. Councilmember Green continued by questioning the hours of operation in the parking structure, and Planner Nguyen identified the condition of approval that dictates no parking restrictions after 6:00 p.m. Scott Hess, Director of Planning, pointed out the area that constitutes "field of parking" on the project site.

Mayor Cook opened the public hearing.

Patricia Apel, applicant with DJM Capital, requested that Council uphold the Planning Commission's approval of the request. She discussed the 1976 Reciprocal Parking Agreement, 1979 Amendment, monthly paid parking program, installation of security gates, 24-Hour Fitness parking and validation, and how the request will not affect east lot parking. She concluded by identifying proposed parking rates and explained how DJM and Old World arrived at an agreement.

Councilmember Hardy and Patricia Apel discussed revising language within the findings that allow parking gates to remain open on weekends.

Rhonda Lauer, DJM Capital Partners Property Manager, discussed DJM's purchase of property in 2007 and the events that led to the request to install four parking control gates and a paid parking program at the Towers at Bella Terra. She also submitted photographs depicting parking conditions on the Old World site, and urged Council to uphold the Planning Commission's approval of the request.

Quyen Tran, Chief Engineer for the Towers at Bella Terra, discussed installing parking gates that would allow parking structure employees to determine vehicle location in case of emergency requiring vehicle relocation, and prevent vehicle vandalism. He stated that parking controls are necessary for safety and prohibit crime, and urged Council to approve the request.

Sarah Boolay, Assistant Manager at the Towers at Bella Terra, discussed how parking controls would inhibit vandalism, and how the installation of parking gates would provide a return to tenants who pay a fee for security within the structure.

City Clerk Flynn announced the following late communication:

Communication submitted on Public Hearing Item No. 9 by Harle, Janics & Kannen, dated October 29, 2008, entitled *Appeal of Planning Commission Approval of CUP 08-003 and Entitlement Plan Amendment for the Amendment of CUP 05-015 – Opposition to (Appeal of) Parking Gate Application of Bella Terra*.

Photographs of parking areas related to Public Hearing Item No. 9 submitted by Rhonda Lauer.

Mark Hopkins, Appellant with Old World Owners Association, described the activity that has taken place since the appeal was filed to resolve issues in Bella Terra's application, and how they were able to reach an agreement with DJM this afternoon. He also discussed the 1976 Reciprocal Parking Agreement that doesn't make sense with the conditions of the project site today.

With no one else present to speak, Mayor Cook closed the public hearing.

A motion was made by Coerper, second Hansen to approve STAFF AND PLANNING COMMISSION RECOMMENDED ACTION: Approve Conditional Use Permit No. 08-003/Entitlement Plan Amendment No. 08-003 with Findings and Suggested Conditions of Approval. The motion carried by the following roll call vote:

AYES:	Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES:	None

FINDINGS AND CONDITIONS OF APPROVAL - CONDITIONAL USE PERMIT NO. 2008-003 / ENTITLEMENT PLAN AMENDMENT NO. 2008-003

FINDINGS FOR PROJECTS EXEMPT FROM CEQA:

The Planning Commission finds that the project will not have any significant effect on the environment and is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to section 15303 of the CEQA Guidelines, because the project consists of installation of small new equipment within an existing mixed-use site.

FINDINGS FOR APPROVAL – CONDITIONAL USE PERMIT NO. 2008-003/ENTITLEMENT PLAN AMENDMENT NO. 2008-003:

1. Conditional Use Permit No. 2008-003/Entitlement Plan Amendment No. 2008-003 for the installation of four (4) parking control gates to implement a paid parking program at the Towers at Bella Terra site and the amendment of Condition of Approval No. 2 which relates to physical barriers and parking control gates in the parking structure will not be detrimental to the general welfare of persons working or residing in the vicinity or detrimental to the value of the property and improvements in the neighborhood. The proposed parking control gates will not generate additional traffic or other impacts detrimental to surrounding property and inconsistent with the subject property's mixed-use zoning. The proposed gates will not impact existing on-site shared parking since access to the parking area is provided with keycards and ticket dispensers. The site continues to maintain the reciprocal parking agreement with Old World Village.
2. The conditional use permit/entitlement plan amendment will be compatible with surrounding uses because the proposed amendment represents installation of small new equipment which will not generate additional traffic and other impacts to surrounding uses.
3. The proposed conditional use permit/entitlement plan amendment will comply with the provisions of the base district and other applicable provisions in Titles 20-25 of the Huntington Beach Zoning and Subdivision Ordinance and any specific condition required for the proposed use in the district in which it would be located. The proposed parking control gates will comply with all the criteria for parking controls, including adequate emergency access and vehicle stacking.
4. The granting of the conditional use permit/entitlement plan amendment will not adversely affect the General Plan. It is consistent with the Land Use Element designation of Mixed-Use—Specific Plan on the subject property. In addition, it is consistent with the following objectives and policies of the General Plan:

A. Land Use Element

Objective LU 15.1 Ensure that large scale, mixed-use, and multi-phased development projects and significant land use and activity districts achieve a consistent character, are compatible with their surrounding environment, and benefit the City.

B. Circulation Element

Policy CE 2.3.1 Require development projects to mitigate off-site traffic impacts and pedestrian, bicycle, and vehicular conflicts to the maximum extent possible.

Objective CE 5.1 Balance the supply of parking with the demand for parking.

Policy CE 5.1.1 Maintain an adequate supply of parking that supports the present level of demand and allow for the expected increase in private transportation use.

Policy CE 5.1.2 Provide safe and convenient parking that has minimal impacts on the natural environment, the community image, or quality of life.

The Towers at Bella Terra site is a mixed-use complex, consisting of three office towers, two medical office buildings, the Hotel Huntington Beach, a 24-Hour Fitness health club, and Buca di Beppo restaurant. The site currently has a five-level parking structure, several surface parking lots, and a subterranean parking lot for the hotel. The proposed project offers the opportunity to continue to provide well-designed and convenient off-street parking facilities. The installation of parking control gates within the subject site is proposed to improve the parking management of tenants, employees, and visitors to the site. The proposed parking control gates will comply with all the criteria for parking controls, including adequate emergency access and vehicle stacking area. The proposed parking control gates will not impact existing on-site shared parking since access to the parking area is provided with keycards and ticket dispensers. The site continues to maintain the reciprocal parking agreement with Old World Village. The demand and supply of parking will be monitored to ensure adequate provision of parking for the entire site and thus minimize impacts off-site and the surrounding developments.

CONDITIONS OF APPROVAL - CONDITIONAL USE PERMIT NO. 2008-003/ENTITLEMENT PLAN AMENDMENT NO. 2008-003:

1. The site plan received and dated February 5, 2008, shall be the conceptually approved design.
2. Prior to issuance of building permits, the following shall be completed:
 - a. The Parking Management Plan (PMP) for the One Pacific Plaza, approved by the Planning Department on April 18, 2007, shall be revised to incorporate the following:
 - 1) A minimum of 201 visitor parking spaces shall be provided on the first and second level, southeasterly portion of the parking structure. These spaces shall have a time restriction of one to two hours in duration.
 - 2) All physical barriers in the parking structure shall be prohibited with the exception of a parking control gate located at the south end of the parking structure (the access lanes located in the vicinity of 24-Hour Fitness).
 - 3) Directional signage to direct patrons to available self-park and valet parking areas shall be provided throughout the site.
 - 4) There shall be no restrictions on parking spaces within the field of on-site shared parking after 6:00 PM, Monday thru Friday and all day on Saturday and Sunday.
 - 5) All parking spaces shall be clearly marked to identify use limitations.
 - 6) All surface level parking within the field of shared parking shall be designated and clearly identified as general visitor parking.
3. The use shall comply with the following:
 - a. The parking control gates shall only operate between the hours of 7:00 AM and 6:00 PM, Monday thru Friday.

- b. The parking control gates shall be opened after 6:00 PM on weekdays and on the weekends.
 - c. Parking control gates No. 1, No. 2, and No. 4 shall be equipped with an intercom system that connects to the manned booth at Gate No. 3.
 - d. Directional signage shall be installed to direct patrons with or without validations to the appropriate exit.
 - e. Old World Village owners, tenants, and visitors shall be provided with validations for free parking consistent with the reciprocal parking agreement as outlined in the Old World Village Parking Management Plan dated August 27, 2003.
 - f. Directional signage along Huntington Village Lane shall be provided by the applicant advertising free parking for Old World Village at the subject site.
4. All conditions of approval required under Negative Declaration No. 05.01/Conditional Use Permit No. 05-15 (24-Hour Fitness) shall remain in effect with the exception of the aforementioned modifications in Condition No. 2.

INDEMNIFICATION AND HOLD HARMLESS CONDITION:

The owner of the property which is the subject of this project and the project applicant if different from the property owner, and each of their heirs, successors and assigns, shall defend, indemnify and hold harmless the City of Huntington Beach and its agents, officers, and employees from any claim, action or proceedings, liability cost, including attorney's fees and costs against the City or its agents, officers or employees, to attack, set aside, void or annul any approval of the City, including but not limited to any approval granted by the City Council, Planning Commission, or Design Review Board concerning this project. The City shall promptly notify the applicant of any claim, action or proceeding and should cooperate fully in the defense thereof.

CONSENT CALENDAR

10. (City Council/Redevelopment Agency) Approved Minutes.

A motion was made by Green, second Hardy to approve and adopt the minutes of the City Council/Redevelopment Agency regular meeting of October 20, 2008 as written and on file in the Office of the City Clerk. The motion carried by the following roll call vote:

AYES:	Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES:	None

11. (City Council) Approved and Authorized the Mayor and City Clerk to Execute the Intergovernmental Service Agreement Between the City of Huntington Beach and University of California Irvine (UCI) Police Department for Contracting of Jail Services.

A motion was made by Green, second Hardy to approve and authorize the Mayor and City Clerk to execute the "Intergovernmental Service Agreement Between the City of Huntington Beach and the University of California, Irvine Police Department for the Detention at Huntington Beach Police Department of Detainees Held in Custody by the University of California, Irvine Police Department." The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

12. (City Council) Approved the Appointments of Whitney Loo, Stephanie Smallshaw, and Audrey Taylor to the Children's Needs Task Force for a Term to Expire June 30, 2009, as Recommended by Council Liaisons Gil Coerper and Cathy Green.

A motion was made by Green, second Hardy to approve the appointment of students Whitney Loo, Stephanie Smallshaw, and Audrey Taylor to the Children's Needs Task Force for a term to expire June 30, 2009, as recommended by Council liaisons Gil Coerper and Cathy Green. The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

13. (City Council) Adopted Resolution No. 2008-65 Amending the City's Classification Plan to Add the Job Specification of Program Coordinator - Human Services, Considered and Approved by the Personnel Commission on September 24, 2008.

A motion was made by Green, second Hardy to adopt Resolution No. 2008-65, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan by Adding the Job Specification of Program Coordinator-Human Services and Establishing the Compensation." The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

14. (City Council) Approved Recommendation from Centennial Celebration Liaisons, Mayor Debbie Cook, Mayor Pro-Tem Keith Bohr, and Councilmember Gil Coerper, Regarding a Tournament of Roses Participant Package.

A motion was made by Green, second Hardy to approve the recommendation of the Communications Committee to use the VIP package as a fundraiser for the Float and Centennial Celebration. The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

ORDINANCES FOR ADOPTION

16. (City Council) Adopted Ordinance No. 3816 Amending Chapter 10.12 of the Huntington Beach Municipal Code (HBMC) Relating to Speed Limits.
Approved for Introduction October 20, 2008.

A motion was made by Coerper, second Hardy to after City Clerk reads by title, Adopt Ordinance No. 3816, "An Ordinance of the City of Huntington Beach Amending Chapter 10.12 of the Huntington Beach Municipal Code Relating to Residential Speed Limits." The motion carried by the following roll call vote:

AYES: Hansen, Hardy, Bohr, Cook, Coerper, Green, and Carchio
NOES: None

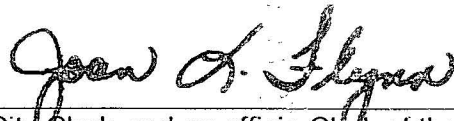
COUNCILMEMBER COMMENTS (Not Agendized)

Councilmember Carchio thanked everyone involved in planning and participating in the Halloween event held downtown. He also reported attending the 40th anniversary celebration of the 1968 World Surfing Contest held on Saturday, November 1 at the International Surf Museum downtown, indicating attendance by Fred Cummings, U.S. Senator in Hawaii, and thanked Chris Mac Donald and Natalie Kotch for their involvement in the event.

ADJOURNMENT

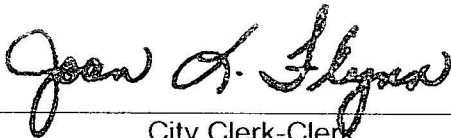
Council/Agency adjournment at 10:24 p.m. to a Special Meeting on Monday, November 10, 2008 at 6:00 PM in the City Council Chambers, 2000 Main Street, Huntington Beach, California for a Public Hearing on the Appeal of the Planning Commission's Approval of EIR 07-004, ZTA 07-004, GPA 07-003, ZMA 07-001, and CUP 07-043 - The Ripcurl Project.

The next regularly scheduled meeting will be Monday, November 17, 2008 at 4:00 PM in Room B-8, Civic Center, 2000 Main Street, Huntington Beach, California.



City Clerk and ex-officio Clerk of the City Council of the City of Huntington Beach and Clerk of the Redevelopment Agency of the City of Huntington Beach, California

ATTEST:



City Clerk-Clerk



Mayor-Chair